

The following described lands will be offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, beginning at 9:00 am, March 1, 2005.

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
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Lessor: Dept. of Natural Resources & Conservation

Big Horn

1	1, 2, 3, 4, 5	9.S	43.E	15	SW4NW4, W2SW4	120.00	_____	_____
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Blaine

2	1, 2, 3, 4, 5	33.N	18.E	34	NW4	160.00	_____	_____
3	1, 2, 3, 4, 5, 6	34.N	18.E	25	LOTS 1, 2, 3, 4, W2, W2E2	* 642.16	_____	_____
4	1, 2, 3, 4, 5, 11	34.N	19.E	30	LOTS 1, 2, 3, 4, E2W2, E2	633.24	_____	_____
5	1, 2, 3, 4, 5, 8, 11	34.N	19.E	32	ALL	640.00	_____	_____
6	1, 2, 3, 4, 5	36.N	17.E	14	ALL	640.00	_____	_____
7	1, 2, 3, 4, 5	36.N	17.E	15	SW4NW4, N2NE4, SE4NE4, NE4SE4, S2S2, NW4SW4	400.00	_____	_____
8	1, 2, 3, 4, 5	36.N	17.E	22	ALL	640.00	_____	_____
9	1, 2, 3, 4, 5	36.N	17.E	23	W2NW4, E2NE4, S2	480.00	_____	_____
10	1, 2, 3, 4, 5	36.N	17.E	24	ALL	640.00	_____	_____
11	1, 2, 3, 4, 5	36.N	17.E	25	N2, SE4, N2SW4	560.00	_____	_____
12	1, 2, 3, 4, 5	36.N	17.E	26	N2N2, SW4NW4, SE4NE4, W2SW4, NE4SW4	360.00	_____	_____
13	1, 2, 3, 4, 5	36.N	17.E	27	ALL	640.00	_____	_____
14	1, 2, 3, 4, 5	36.N	17.E	34	N2	320.00	_____	_____
15	1, 2, 3, 4, 5	36.N	17.E	35	NW4, NE4NE4	200.00	_____	_____
16	2, 3, 4, 5, 14	36.N	17.E	36	ALL	640.00	_____	_____
17	1, 2, 3, 4, 5	36.N	18.E	16	ALL	640.00	_____	_____
18	1, 2, 3, 4, 5	36.N	18.E	24	SW4	160.00	_____	_____
19	1, 2, 3, 4, 5	37.N	21.E	16	ALL	640.00	_____	_____

Daniels

20	1, 2, 3, 4, 5	34.N	47.E	1	LOTS 1, 2, 3, 4, S2N2	322.04	_____	_____
21	1, 2, 3, 4, 5	34.N	47.E	2	LOTS 3, 4, S2NW4, SW4	321.95	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
22	1, 2, 3, 4, 5, 7	34.N	47.E	7	LOTS 1, 2, 3, 4, SE4, E2SW4	407.84	_____	_____
23	1, 2, 3, 4, 5, 7	34.N	47.E	8	N2NE4, SW4NE4, SW4	280.00	_____	_____
24	1, 2, 3, 4, 5, 7	34.N	47.E	18	LOTS 1, 2, E2NW4	164.22	_____	_____
25	1, 2, 3, 4, 5, 6	34.N	47.E	19	LOTS 3, 4, S2NE4, SE4, E2SW4	* 404.88	_____	_____
26	1, 2, 3, 4, 5	34.N	47.E	20	W2W2	160.00	_____	_____
27	1, 2, 3, 4, 5, 7	34.N	47.E	21	E2W2, E2	480.00	_____	_____
28	1, 2, 3, 4, 5	34.N	47.E	23	S2NW4, S2	400.00	_____	_____
29	1, 2, 3, 4, 5	34.N	47.E	26	N2, N2SW4	400.00	_____	_____
30	1, 2, 3, 4, 5	34.N	47.E	27	N2, N2SE4	400.00	_____	_____
31	1, 2, 3, 4, 5	34.N	47.E	28	N2	320.00	_____	_____
32	1, 2, 3, 4, 5	34.N	48.E	15	E2	320.00	_____	_____
33	1, 2, 3, 4, 5, 6	34.N	48.E	16	W2, N2NE4, W2SE4	* 480.00	_____	_____
34	1, 2, 3, 4, 5	34.N	48.E	22	NE4, E2SE4	240.00	_____	_____
35	1, 2, 3, 4, 5	34.N	48.E	23	N2NW4, SW4NW4, NW4SW4	160.00	_____	_____
36	1, 2, 3, 4, 5, 7	34.N	48.E	36	ALL	640.00	_____	_____
Gallatin								
37	1, 2, 3, 4, 5	5.N	7.E	36	ALL	640.00	_____	_____
Hill								
38	1, 2, 3, 4, 5	31.N	16.E	16	ALL	640.00	_____	_____
39	1, 2, 3, 4, 5	33.N	12.E	7	LOTS 1, 2, E2NW4, NE4	318.27	_____	_____
40	1, 2, 3, 4, 5	33.N	12.E	9	W2	320.00	_____	_____
41	1, 2, 3, 4, 5, 6	33.N	12.E	15	NE4, SW4	* 320.00	_____	_____
42	1, 2, 3, 4, 5, 6	33.N	12.E	16	ALL	* 640.00	_____	_____
43	1, 2, 3, 4, 5	33.N	14.E	28	W2SW4	80.00	_____	_____
44	1, 2, 3, 4, 5	33.N	14.E	29	E2SE4	80.00	_____	_____
45	1, 2, 3, 4, 5, 6	34.N	15.E	20	ALL	* 640.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
46	1, 2, 3, 4, 5	35.N	12.E	36	N2, N2SE4, SE4SE4	440.00	_____	_____
47	1, 2, 3, 4, 5, 7	36.N	8.E	15	S2	320.00	_____	_____
48	1, 2, 3, 4, 5, 7	36.N	8.E	16	ALL	640.00	_____	_____
Lewis and Clark								
49	2, 3, 4, 5, 14	16.N	5.W	30	LOT 3, NE4, N2SE4	271.05	_____	_____
Liberty								
50	1, 2, 3, 4, 5, 6	28.N	3.E	4	LOT 4	* 42.50	_____	_____
51	1, 2, 3, 4, 5, 6	28.N	3.E	5	LOTS 1, 2, 3, 4, S2N2, S2	* 649.66	_____	_____
52	1, 2, 3, 4, 5, 6	28.N	3.E	6	LOTS 1 THRU 7, SE4NW4, S2NE4, SE4, E2SW4	* 652.73	_____	_____
Meagher								
53	1, 2, 3, 4, 5, 6	5.N	8.E	16	N2NW4, E2, S2SW4	* 480.00	_____	_____
54	1, 2, 3, 4, 5	5.N	9.E	16	ALL	640.00	_____	_____
55	1, 2, 3, 4, 5	6.N	7.E	36	ALL	640.00	_____	_____
56	1, 2, 3, 4, 5, 6	6.N	8.E	16	NW4NW4, S2NW4, NE4NE4, S2	* 480.00	_____	_____
57	1, 2, 3, 4, 5, 8	6.N	8.E	36	ALL	640.00	_____	_____
Park								
58	1, 2, 3, 4, 5, 6	4.N	8.E	16	ALL	* 640.00	_____	_____
Phillips								
59	1, 2, 3, 4, 5, 6	32.N	28.E	16	N2, SE4, N2SW4	* 560.00	_____	_____
Pondera								
60	1, 2, 3, 4, 5	27.N	1.E	36	ALL	640.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
61	1, 2, 3, 4, 5	27.N	2.E	16	ALL	640.00	_____	_____
62	1, 2, 3, 4, 5, 6	27.N	2.E	24	ALL	* 640.00	_____	_____
63	1, 2, 3, 4, 5, 6	27.N	2.E	25	ALL	* 640.00	_____	_____
64	1, 2, 3, 4, 5, 6, 13	28.N	1.E	16	ALL	* 640.00	_____	_____
65	1, 2, 3, 4, 5, 6, 7	28.N	1.E	36	ALL	* 640.00	_____	_____
66	1, 2, 3, 4, 5, 7, 10	28.N	2.E	16	ALL	640.00	_____	_____
67	1, 2, 3, 4, 5, 7	28.N	2.E	36	ALL	640.00	_____	_____
68	1, 2, 3, 4, 5, 6	27.N	1.W	36	ALL	* 640.00	_____	_____
69	1, 2, 3, 4, 5	30.N	1.W	36	ALL	640.00	_____	_____
70	1, 2, 3, 4, 5, 6	30.N	4.W	36	ALL	* 640.00	_____	_____
Richland								
71	1, 2, 3, 4, 5	25.N	55.E	12	NW4NW4, S2NW4, SW4	280.00	_____	_____
72	1, 2, 3, 4, 5	25.N	59.E	16	ALL	640.00	_____	_____
73	1, 2, 3, 4, 5	26.N	58.E	16	S2	320.00	_____	_____
74	1, 2, 3, 4, 5	26.N	58.E	36	ALL	640.00	_____	_____
Roosevelt								
75	1, 2, 3, 4, 5, 6	27.N	58.E	16	ALL	* 640.00	_____	_____
76	1, 2, 3, 4, 5	27.N	59.E	16	ALL	640.00	_____	_____
77	1, 2, 3, 4, 5	27.N	59.E	18	SW4SE4, S2SW4	120.00	_____	_____
78	1, 2, 3, 4, 5	27.N	59.E	36	LOTS 1, 2, 3, 4, W2W2	233.72	_____	_____
79	1, 2, 3, 4, 5, 6	30.N	56.E	36	ALL	* 640.00	_____	_____
Sheridan								
80	1, 2, 3, 4, 5, 6, 8	31.N	56.E	16	N2NW4, SE4NW4, SW4NE4	* 160.00	_____	_____
81	1, 2, 3, 4, 5	31.N	56.E	36	NW4	160.00	_____	_____
82	2, 3, 4, 5, 14	31.N	57.E	16	ALL	640.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
83	1, 2, 3, 4, 5, 7	31.N	57.E	36	ALL	640.00	_____	_____
84	1, 2, 3, 4, 5	31.N	58.E	16	NE4	160.00	_____	_____
85	1, 2, 3, 4, 5	31.N	58.E	36	ALL	640.00	_____	_____
86	1, 2, 3, 4, 5, 7	31.N	59.E	16	LOTS 1, 2, 3, 4, W2	504.28	_____	_____
87	1, 2, 3, 4, 5, 6	32.N	57.E	16	N2NE4	* 80.00	_____	_____
88	2, 3, 4, 5, 7, 14	32.N	58.E	16	ALL	640.00	_____	_____
89	1, 2, 3, 4, 5	32.N	58.E	36	ALL	640.00	_____	_____
90	1, 2, 3, 4, 5, 7	33.N	57.E	16	ALL	640.00	_____	_____
91	2, 3, 4, 5, 14	33.N	57.E	36	ALL	640.00	_____	_____
92	2, 3, 4, 5, 6, 7, 14	33.N	58.E	36	LOTS 3, 4, 5, 6, 11, 12, 13, 14, W2	* 640.00	_____	_____
93	1, 2, 3, 4, 5, 6, 7	35.N	52.E	11	N2, N2SE4, SE4SE4, NE4SW4	* 480.00	_____	_____

Sweet Grass

94	1, 2, 3, 4, 5, 9	1.S	14.E	10	BOULDER RIVERBED AND RELATED ACREAGE	18.00	_____	_____
95	1, 2, 3, 4, 5, 9	1.S	14.E	15	BOULDER RIVERBED AND RELATED ACREAGE	14.00	_____	_____
96	1, 2, 3, 4, 5, 9	1.S	14.E	28	BOULDER RIVERBED AND RELATED ACREAGE	28.00	_____	_____
97	1, 2, 3, 4, 5, 9	1.S	14.E	32	BOULDER RIVERBED AND RELATED ACREAGE	25.00	_____	_____
98	1, 2, 3, 4, 5, 9	1.S	14.E	33	BOULDER RIVERBED AND RELATED ACREAGE	2.00	_____	_____

Toole

99	1, 2, 3, 4, 5, 6	29.N	1.E	16	ALL	* 640.00	_____	_____
100	1, 2, 3, 4, 5, 6	29.N	1.E	36	ALL	* 640.00	_____	_____
101	1, 2, 3, 4, 5, 6	29.N	2.E	25	SE4	* 160.00	_____	_____
102	1, 2, 3, 4, 5, 6	29.N	2.E	36	ALL	* 640.00	_____	_____
103	1, 2, 3, 4, 5, 6, 7	29.N	3.E	16	ALL	* 640.00	_____	_____
104	1, 2, 3, 4, 5, 6	29.N	3.E	17	N2, SW4, LESS 4.55 ACRES IN N2	* 475.45	_____	_____
105	1, 2, 3, 4, 5	29.N	3.E	29	N2, SW4	480.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
106	1, 2, 3, 4, 5, 6	29.N	3.E	30	LOTS 3, 4, E2SW4	* 158.34	_____	_____
107	1, 2, 3, 4, 5, 6	29.N	3.E	31	LOTS 1, 2, 3, 4, E2W2, E2	* 638.68	_____	_____
108	1, 2, 3, 4, 5, 6	29.N	3.E	33	S2	* 320.00	_____	_____
109	1, 2, 3, 4, 5, 6, 7	30.N	2.E	4	LOTS 1, 2, 3, 4, S2N2	* 326.40	_____	_____
110	1, 2, 3, 4, 5, 6	30.N	3.E	31	LOTS 3, 4, SE4, E2SW4	* 317.58	_____	_____
111	1, 2, 3, 4, 5, 6	30.N	3.E	32	N2SE4, SW4	* 240.00	_____	_____
112	1, 2, 3, 4, 5	30.N	3.E	33	W2SE4, N2SW4	160.00	_____	_____
113	1, 2, 3, 4, 5	30.N	3.E	36	ALL	640.00	_____	_____
114	1, 2, 3, 4, 5	33.N	1.E	16	ALL	640.00	_____	_____
115	1, 2, 3, 4, 5, 6	33.N	2.E	27	NW4	* 160.00	_____	_____
116	1, 2, 3, 4, 5, 6	33.N	2.E	35	E2E2	* 160.00	_____	_____
117	1, 2, 3, 4, 5	34.N	1.W	36	N2NE4, N2SE4NW4, S2S2, NW4SW4, E2NE4SW4	320.00	_____	_____
118	1, 2, 3, 4, 5	37.N	2.W	16	ALL	640.00	_____	_____

Lessor: Dept. of Natural Resources & Conservation

Total Acres for Lessor 52,171.99

Total Tracts for Lessor 118

Lessor: Dept. of Transportation

Lewis and Clark

119	1, 2, 3, 4, 5, 12	14.N	6.W	3	HIGHWAY TRACT IN SW4	8.40	_____	_____
120	1, 2, 3, 4, 5, 12	14.N	6.W	4	HIGHWAY TRACT IN SE4	2.10	_____	_____
121	1, 2, 3, 4, 5, 12	14.N	6.W	9	HIGHWAY TRACT IN NE4NE4, SW4NE4, NW4SE4NE4, AND PART OF W2	14.20	_____	_____

Sweet Grass

122	1, 2, 3, 4, 5, 12	1.S	14.E	28	HIGHWAY TRACT IN S2, S2NE4, AND PART OF NE4NE4	8.47	_____	_____
123	1, 2, 3, 4, 5, 12	1.S	14.E	33	HIGHWAY TRACT IN NW4, NW4SW4	7.00	_____	_____

Lessor: Dept. of Transportation

Total Acres for Lessor 40.17

Total Tracts for Lessor 5

Total Acres for Lease 52,212.16

Total Tracts for Lease 123

* Part or all of tract is not state-owned surface

Additional lease stipulations are listed on the following pages. The STIP column on the lease sale list identifies which stipulations will be attached to each tract.

Sight drafts will not be accepted. The State Board of Land Commissioners reserves the right to reject any and all bids. All payments are due within ten days after the date of sale.

Individuals with disabilities needing assistance or special services, please call Julie David at (406) 444-4576 at least 1 week prior to the sale.

STATE BOARD OF LAND COMMISSIONERS

Stipulations

1. Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
2. Prior to the drilling of any well, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.

3. The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
4. The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.

Stipulations

5. The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
6. Lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
7. The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract. All damages will be assessed by and paid directly to the TLMD.
8. Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.
9. This tract contains navigable riverbeds. No surface occupancy is allowed within the bed of the navigable river, abandoned channels, or on islands and accretions. In addition, upon completion of a successful well, where river title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.
10. No surface occupancy of the school area and/or related facilities is permitted without written approval of TLMD.
11. This tract has (an) existing well(s) and related facilities. The lessee has 45 days from the effective date of this lease to determine whether or not to assume responsibility from the former lessee for the well and any existing facilities. The lessee may not enter the well until a change of operator has been filed with, and approved by, the Board of Oil and Gas Conservation.
12. No surface occupancy shall be allowed on any portion of this tract, which is indicated as right-of-way on the official highway plans on file at the Department of Transportation in Helena, Montana, without prior written approval from TLMD.
13. Three acres in the E2E2 are subject to a leasehold subordination agreement between the U.S. and the State.
14. This lease includes areas that may be environmentally sensitive. Therefore, if the lessee intends to conduct any activities on the lease premises, the lessee shall submit to TLMD one copy of an Operating Plan or Amendment to an existing Operating Plan, describing in detail the proposed activities. No activities shall occur on the tract until the Operating Plan or Amendments have been approved in writing by the Director of the Department. TLMD shall review the Operating Plan or Amendment and notify the lessee if the Plan or Amendment is approved or disapproved.

After an opportunity for an informal hearing with the lessee, surface activity may be denied or restricted on all or portions of any tract if the Director determines in writing that the proposed surface activity will be detrimental to trust resources and therefore not in the best interests of the trust.